

274173



## HARBOR ISLAND UTILITIES, INC.

Post Office Box 1028  
Beaufort, S.C. 29901-1028

(843) 982-0405 fax: 982-0707

January 23, 2018

### VIA E-MAIL

The Honorable Jocelyn G. Boyd  
Chief Clerk/ Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Order 2018-381-A  
Harbor Island Utilities, Inc.

Dear Ms. Boyd:

As required by PSCSC Order 2018-381-A, Harbor Island Utilities, Inc. (HIU) hereby submits this report.

The federal tax cut approved in December 2017 would lower our corporate tax rate from 35% to 21%. This amounts to a relatively small amount per customer per month. If HIU were required to prepare a rate case for lower rates based on the tax cut, HIU believes it would spend significantly more money on the rate case than the estimated tax difference.

Additionally, in our 2017 rate case (Order 2017-80A), the PSC issued HIU a rate case credit based on out-of-pocket expenses associated with Hurricane Matthew. HIU believes that this credit would significantly exceed any possible benefit from the tax cut.

A PSCSC decision on whether to issue a refund should be based on the last fiscal year pro forma adjusted for known adjustments for 2018. That decision should fully evaluate and understand the consequences, particularly on small utilities.

Finally, if the administrative cost of providing the refund is greater than the amount of the actual refund, the utility should be exempted from making any potential refund or reducing its rates. And, a refund should be ordered only after a utility is given an opportunity to be heard.

**RECEIVED**  
JAN 24 2018  
PSC SC  
MAIL / DMS

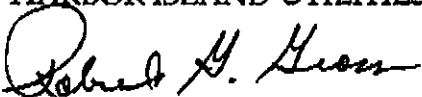
A Letter Report to PSCSC  
January 23, 2018  
Page 2

Based on the above conditions, HIU believes it should not be required to adjust its rates or issue a refund due to the federal tax cut.

HIU believes that the PSC should require such reports based on class and that smaller utilities should not be required to consider reducing its rates or issuing refunds.

Please let me know if you need any additional information.

Sincerely,  
HARBOR ISLAND UTILITIES, INC.

A handwritten signature in black ink, appearing to read "Robert G. Gross". The signature is fluid and cursive, with a large initial "R" and "G".

Robert G. Gross  
President

Copy: Mr. Willie Morgan – Office of Regulatory Staff